

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 05 KABUL 000394

SIPDIS

DEPARTMENT FOR SA/FO AMB QUINN  
NSC FOR DEPUTY NATIONAL SECURITY ADVISOR: AHARRIMAN/KAMEND  
DOD FOR DEPUTY ASSISTANT SECRETARY COUNTERNARCOTICS: MLONG  
USDA FOR DEPUTY SECRETARY: CCONNERS  
ONDCP FOR POLICY ADVISOR: RAGRESTI  
USAID FOR AA/ANE:JKUNDER, DAA/ANE: MWARD, ANE/SAA KAY FREEMAN,  
SKEYVANSHAD, NMADHAV

E.O. 12958: N/A

TAGS: [EAID](#) [AMGT](#) [AF](#)

SUBJECT: AFGHANISTAN AGRICULTURE MOVING FORWARD: PART I

This is the first cable in a three-part series that describes the present state of agriculture in Afghanistan and what the donor community, led by USAID and USDA, are doing to revitalize this sector. The respective components are described below:

?Part I covers the importance of the agriculture sector to the reconstruction of Afghanistan, the Ministry of Agriculture's new Master Plan, the reorganization of the Ministry of Agriculture, and donor coordination.

?Part II covers agricultural research and extension, progress in privatizing animal health and veterinary services, management of natural resources, and programs to integrate Afghanistans nomadic population into the reconstruction process.

?Part III covers USAID-funded programs designed to promote growth of a market-led, value chain agricultural sector, capacity building initiatives involving U.S. land-grant universities, USDA programs, communications and agro development, and a vision of the way forward.

1. Summary: Developing the agriculture sector in Afghanistan is critical for economic growth and for tackling opium poppy oppy cultivation. The Minister of Agriculture, Animal Husbandry and Food (MAAHF), Mr. Obaidullah Ramin, has begun to provide leadership to rebuild the agriculture sector in recent months. Agriculture development is now in a better position to fuel expansion of the economy.

2.The Minister of Agriculture, Animal Husbandry and Food, Mr. Obaidullah Ramin, is providing direction to rebuild the agriculture sector. Minister Ramin initiated an institutional restructuring of the Ministry and the preparation of an Agricultural Master Plan. The latter consists of a comprehensive agricultural development strategy and investment framework to guide reconstruction efforts. There is now strong and dynamic leadership in the Ministry of Agriculture. Donor coordination receives active engagement directly from the Minister. The Ministry of Agriculture is now in a better position to support agricultural development and broad-based economic growth.

3.Key areas of progress in the agriculture sector include:

:  
capacity building, promoting market-led agriculture development, animal health and privatizing veterinary services, and strengthening natural resource management. Despite progress, considerable challenges remain. Building an effective research and extension system, extending rural financial services, and eliminating opium poppy cultivation are priorities. As Afghanistan moves from post-conflict and crisis management, more long-term sustainable development planning is needed. Addressing the challenges of Afghanistans agricultural reconstruction will require sustained capacity building of the Government of Afghanistan and long-term donor assistance with clear performance benchmarks. Institutional and programmatic challenges to rebuild agriculture are consistent with the recommendations of donors and USG efforts through USAID and USDA. End summary.

-----  
IMPORTANCE OF THE AGRICULTURE SECTOR IN RECONSTRUCTION  
-----

4.The Government of Afghanistan recognizes that economic growth is a key factor for poverty reduction and that agriculture plays an important role in this process. The agriculture sector, which has been severely affected by years of war and neglect, provides much of the livelihood of 80 percent of the countrys population and accounts for more than half of gross domestic product (GDP). Given the countrys dependence on agriculture, the rate of recovery in the sector will largely determine the nations overall rate of economic recovery and poverty reduction. Improved agricultural productivity and growth are central to reconstruction. At the same time, attention to rural non-farm economic activities are also important.

5.To achieve the Governments development goals, economic growth must be accelerated to sustain an increase of an

estimated six percent per year growth in the agriculture sector. Higher growth rates in agricultural productivity will directly promote broad-based economic growth, reduce rural poverty, and conserve natural resources. Growth in productivity must be based on new applications of science, technology, and information, and large-scale investments in agriculture development.

6. Afghanistan reconstruction requires a national strategy that raises the profile of agriculture development, effectively extends donor assistance to Afghan farmers and supports and attracts private sector investment. An effective agriculture strategy fosters broad-based economic growth in rural areas comprehensively, forges alliances between stakeholders, and takes advantage of emerging market opportunities. A national agriculture program in Afghanistan requires multidisciplinary and pluralistic approaches to local economic development, poverty reduction, social and gender equity, natural resource management, and good governance. Reconstruction efforts need to move away from short-term, sector-by-sector approaches for the sustained reduction of rural poverty and improved economic growth. Fortunately, Afghanistan now has a comprehensive national agricultural development strategy and program in place to guide reconstruction efforts and promote long-term investments.

-----  
AGRICULTURE MASTER PLAN FINALIZED  
-----

7. The Agriculture Master Plan was just endorsed by the Economic Subcommittee of the Cabinet of the Government of Afghanistan (GOA) as a comprehensive development blueprint for the sector that identifies priorities for investment. The Chief Economic Advisor to President Karzai, Dr. Ishaq Naderi, is a strong champion of the Master Plan and an ardent advocate of the pro-growth approach adopted by the Plan. For Dr. Naderi, agriculture growth is central to his vision for the economic transformation of Afghanistan and he supports large investments in agriculture including the rehabilitation of rural roads and irrigation systems. Moreover, agriculture figures prominently in the Afghanistan National Development Strategy (NDS) interim paper to be presented in the London Conference.

8. Supported by USAID, the UK's Department for International Development (DFID), the European Union (EU), the World Bank and Asian Development Bank, the Master Plan was generated through a participatory process that included input from both the provincial and central levels. Committees of Afghans and expatriate advisors worked together to prepare the Plan, completed in November 2005.

9. The Master Plan is comprehensive. It emphasizes commercial, market oriented agriculture. It also includes actions for improving food security through support to wheat farming systems and a range of direct action targeted to poor people to ensure adequate nutritional status. Virtually all farmers and parts of the country are expected to benefit. The Master Plan gives broad treatment to poverty reduction including direct action programs to reach the poor. It emphasizes environmental protection, the needs of the large nomadic pastoralist (kuchi) population, and improving natural resource management and reforestation.

10. The Master Plan identifies a number of key priorities and cross-cutting themes for immediate action and for sequencing activities for longer-term development. With a projected investment of US\$1.3 billion over the next five-year period, the Plan is oriented to economic growth and engagement with the private sector. It is designed to provide six percent overall growth rate in the agriculture sector and a doubling of farm incomes in 12 years, which should contribute greatly to reducing poverty, eliminating opium poppy cultivation, and creating a prosperous rural economy. As such, the Master Plan provides a strategic roadmap for accelerating agricultural growth and the consequent transformation of Afghanistan's rural economy.

11. Accelerating agriculture growth in Afghanistan requires resources to be focused on a few key priorities. The Master Plan identifies the following as key priorities: (a) horticulture, (b) livestock, and (c) cereals for food security. The Master Plan is clear that income generation in the high value perennial horticulture sector is essential to the solution to macro-economic problems as well as rural prosperity and poverty reduction. Perennial horticulture will account for nearly one-third of all agricultural growth in the Master Plan strategy. The Master Plan elaborates a feasible program by identifying seven, perennial horticulture crops that could, conservatively, add nearly US\$1 billion to annual exports in a ten-year period, and a very conservatively estimated cumulative US\$264 million to government tax revenues in that period. Agriculture growth and its multipliers to the rural non-farm economy will account for nearly three quarters of employment growth and poverty reduction with roughly one-third of that

total effect coming from the export oriented, commercialized priority horticulture commodities.

12.A balanced rural development strategy requires attention to a number of cross-cutting issues. In the Master Plan, the interventions associated with the integration of these issues are clearly visible in the strategies to address the commodity sub-sector priorities. These cross-cutting themes include: (a) management of natural resources, (b) research and extension, (c) farmer associations and community participation, (d) rural finance, and (e) gender.

13.The priorities in the Master Plan are a guide for the private sector. Rapid commercialization requires large investment in irrigation, rural roads, rural electrification and, for example, in the Shomali Plains in Parwan Province, the need for de-mining. Those physical investments must be linked with the agricultural commercialization priorities. That in turn requires coordination at the highest levels of government with the Ministry of Agriculture.

14.The Ministry of Agriculture is responsible for implementing the Plan. With limited technical staff resources, the Ministry will require substantial training as well as technical assistance to fill the gap until trained Afghans can take over. The Master Plan allocates resources for training the next generation of Afghan agriculturists; providing technical assistance for policy formulation and planning; for building regulatory mechanisms; and for improving the enabling environment for private sector growth and investment. Donors and multilateral institutions agree that the Master Plan is both ambitious in its goals and realistic in its approach.

-----  
STRENGTHENED LEADERSHIP IN THE MINISTRY OF AGRICULTURE  
-----

15.The Minister of Agriculture has assumed a strong leadership role. He has grown in the job rapidly and has taken charge after a short time in office, extending his leadership throughout the Ministry. He is supportive of private sector and market-led approaches to rebuilding the agriculture sector and is engaged with donors. The Minister is committed to making the Ministry of Agriculture effective and well respected. Minister Ramin has a comprehensive view of the direction the Ministry should go; has set clear objectives; works hard to achieve them; and motivates staff in the process.

-----  
RESTRUCTURING OF THE MINISTRY OF AGRICULTURE  
-----

16.The Ministry of Agriculture is restructuring itself to make it more efficient and responsive to the current needs of Afghan farmers and to be better able to utilize international donor assistance. It is the only Ministry to complete Phase II of the priority reform and restructuring (PRR) process, that entails restructuring and re-grading Ministry staff. As part of this process, an agreement was reached with the Civil Service Administration that the Ministry would only keep six general departments in the headquarters and transform its field offices to efficient institutions that respond effectively to farmers and agro-business clients and provide technical advice to ensure the quality of agricultural inputs and outputs. Based on the new approved structure, the Ministry in Kabul now consists of six general departments: (a) Extension Economic and Applied Research; (b) Policy Economic Analysis and Planning, (c) Natural Resource Management, (d) Food, Agro-Industry and Market Development, (e) Quality Control, and (f) Finance and Administration.

17.Still, the capabilities of staff varies greatly, with management skills being quite limited. The Ministers office is well staffed and running efficiently. The Planning Department also has a solid core of competent staff, but needs to expand. However, Many of the other departments are weakly staffed. Staff evaluations are underway to identify staff training needs in order to upgrade staff quality and competence. Donor assistance is necessary in the foreseeable future to continue to build capacity of Ministry staff.

-----  
IRRIGATION DEPARTMENT TO MERGE WITH AGRICULTURE MINISTRY  
-----

18.The GOA recently decided to merge the Department of Irrigation, currently with the Ministry of Water and Power, with the Ministry of Agriculture's Natural Resource Department, a move long anticipated. Merging the Irrigation Department into the Ministry of Agriculture will provide for greater synergy and integration of agriculture productivity activities with irrigation rehabilitation efforts.

-----  
DONOR COORDINATION GREATLY IMPROVED  
D

-----

19. Partly as a result of the Master Plan process and the restructuring of the Ministry of Agriculture, as well as the growing leadership role played by the Minister of Agriculture, there is good collaboration among donors and harmonization of development strategies in support of the GOAs development objectives. Donor coordination in the agriculture sector is vastly improved compared to a year ago. The Minister now chairs a bi-weekly donor coordination meeting that brings together the major donors in the agriculture sector to discuss important policy and agriculture reconstruction issues, share information on existing projects and new initiatives, and to facilitate dialogue among all interested stakeholders. This is welcome progress and represents a significant break from the past. Greater synergy and complimentary endeavors by the donors in future agriculture reconstruction efforts are now possible.

20. Coordination among the different GOA ministries and agencies concerned with agriculture and rural development and economic growth (i.e., Agriculture, Water and Power, Rural Rehabilitation and Development, National Environmental Protection Agency, Commerce, Higher Education) remains a serious challenge. These issues cut across sectors and government agencies. Mechanisms to establish effective inter-agency coordination and address them will demand new institutional capacities and incentives. The Ministry of Agriculture also now has to start paying more attention to the expectations and requests of members of Parliament.

NORLAND